

EAST CENTRAL IOWA
COUNCIL OF GOVERNMENTS

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
REQUIRED SUPPLEMENTARY INFORMATION
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2021, 2020 and 2019

- Prepared By -

Larry Pump, CPA
117 North Jackson Street
Charles City, IA 50616-2036
Phone (641) 257-4222

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EAST CENTRAL IOWA COUNCIL OF GOVERNMENTS

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>County</u>	<u>Term Expires</u>
Dave Fish	Secretary/Treasurer	Benton	12-31-23
Kathleen VanSteenhuyse	Member	Benton	12-31-22
Tracy Seeman	Member	Benton	12-31-22
Kevin Heitshusen	Member	Iowa	12-31-24
Vicki Pope	Member	Iowa	12-31-24
Tony Hocamp	Member	Iowa	12-31-23
Rod Sullivan	Member	Johnson	12-31-21
Lauren Whitehead	Member	Johnson	12-31-21
Louise From	Member	Johnson	12-31-21
Donna Brooks	Member	Johnson	12-31-21
Rod Smith	Member	Jones	12-31-21
Jon Zirkelbach	Vice-Chairperson	Jones	12-31-23
Derek Lumsden	Member	Jones	12-31-21
Adam Griggs	Member	Linn	12-31-23
Ben Rogers	Member	Linn	12-31-23
David Connolly	Member	Linn	12-31-21
Darrin Gage	Member	Linn	12-31-22
Bethany Sarazin	Member	Linn	12-31-22
Bob Yoder	Member	Washington	12-31-23
Brent Hinson	Chairperson	Washington	12-31-22
Maria Audia	Member	Washington	12-31-21
Karen Kurt	Executive Director		6-30-21



Larry Pump, CPA
117 North Jackson Street
Charles City, IA 50616

(641) 257-4222
or (641) 228-2812
Fax (641) 228-1513

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
East Central Iowa Council of Governments
Cedar Rapids, IA 52401

Report on the Financial Statements

I have audited the accompanying financial statements of the East Central Iowa Council of Governments (ECICOG), as of and for the years ended June 30, 2021, 2020 and 2019 and the related Notes to Financial Statements, which collectively comprise ECICOG's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ECICOG as of June 30, 2021, and the changes in its financial position and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Schedule of the Agency's Proportionate Share of the Net Pension Liability and the Schedule of Agency Contributions on pages 4 through 6 and 19 through 23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. I have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise ECICOG's basic financial statements. The supplementary information included in Schedules 1 and 2, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of ECICOG's management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In my opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated November 29, 2021 on my consideration of ECICOG's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering ECICOG's internal control over financial reporting and compliance.



Charles City, Iowa
November 29, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

East Central Iowa Council of Governments (ECICOG) provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2021. I encourage readers to consider this information in conjunction with ECICOG's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- ECICOG's operating revenues increased 65%, or \$4,011,968, from fiscal 2020 to fiscal 2021. Federal and state funds increased \$3,523,088 in 2021 due to increased funds for transportation and revolving loans.
- ECICOG's operating expenses increased 44%, or \$2,188,983 in fiscal 2021 from fiscal 2020. The increase in expenses is due to increased transportation grants and EDA funds during the fiscal year.
- ECICOG's net position increased 51%, or \$3,292,867, from June 30, 2020 to June 30, 2021.

USING THIS ANNUAL REPORT

The East Central Iowa Council of Governments is a 28E organization and presents its financial statements using the economic resources measurement focus and the accrual basis of accounting, which is the same measurement focus and basis of accounting employed by private sector business enterprises. This discussion and analysis is intended to serve as an introduction to ECICOG's basic financial statements. The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of ECICOG's financial activities.

The Statements of Net Position present information on ECICOG's assets and deferred outflows of resources less the Agency's liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of ECICOG is improving or deteriorating.

The Statements of Revenues, Expenses and Changes in Net Position is the basic statement of activities for proprietary funds. This statement presents information on ECICOG's operating revenues and expenses, non-operating revenues and expenses and whether ECICOG's financial position has improved or deteriorated as a result of the year's activities.

The Statements of Cash Flows present the changes in ECICOG's cash and cash equivalents during the year. This information can assist readers of the report in determining how ECICOG financed its activities and how it met its cash requirements.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with the Agency's proportionate share of the net pension liability and related contributions.

Supplementary Information provides detailed information about the grant activity. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the Agency.

FINANCIAL ANALYSIS OF THE AGENCY

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of ECICOG's financial position. ECICOG's net position for fiscal 2021 totaled approximately \$9,757,180. This compares to approximately \$6,464,313 at the end of fiscal 2020. A summary of ECICOG's net position is presented below.

	June 30,	
	2021	2020
Current assets	\$ 4,629,254	\$ 3,760,079
Non-current assets	4,284,832	2,281,208
Capital assets at cost, less accumulated depreciation	2,895,182	1,768,417
Total assets	<u>\$11,809,268</u>	<u>\$ 7,809,704</u>
Deferred outflows of resources	\$ 239,846	\$ 237,357
Current liabilities	\$ 1,406,691	\$ 729,179
Noncurrent liabilities	825,182	734,658
Total liabilities	<u>\$ 2,231,873</u>	<u>\$ 1,463,837</u>
Deferred inflows of resources	\$ 60,061	\$ 118,911
Net position:		
Reserved	\$ 2,375,790	\$ 1,425,055
Unreserved	7,381,390	5,039,258
Total net position	<u>\$ 9,757,180</u>	<u>\$ 6,464,313</u>

Statement of Revenues, Expenses and Changes in Net Position

Operating revenues are received from federal grants, state grants, and other local sources. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life. A summary of revenues, expenses and changes in net position for the years ended June 30, 2021 and 2020 is presented below:

	Year Ended June 30,	
	2021	2020
Operating Revenues:		
Grants	\$ 8,528,875	\$ 5,005,787
Program reimbursements and other local sources	1,682,836	1,193,956
Total operating revenues	<u>\$10,211,711</u>	<u>\$ 6,199,743</u>
Operating Expenses	<u>7,153,217</u>	<u>4,964,234</u>
Operating Income (loss)	<u>\$ 3,058,494</u>	<u>\$ 1,235,509</u>
Non-operating revenues (expenses):		
Interest income	\$ 170,905	\$ 92,006
Gain (loss) on sale of fixed assets	63,468	12,305
Net non-operating revenues (expenses)	<u>\$ 234,373</u>	<u>\$ 104,311</u>
Change in net position	\$ 3,292,867	\$ 1,339,820
Net position beginning of year	<u>6,464,313</u>	<u>5,124,493</u>
Net position end of year	<u>\$ 9,757,180</u>	<u>\$ 6,464,313</u>

The Statement of Revenues, Expenses and Changes in Net Position reflects a positive year with an increase in the net position at the end of the fiscal year.

- Net position for the year increased \$3,292,867. This increase was due to increased transportation and economic development agency grants.
- ECICOG's operating expenses (without depreciation) were \$6,624,053 and operating revenues were \$10,211,711. With depreciation, the total expenses were \$7,153,217 and operating revenues remained at \$10,211,711.
- The Agency had increased revenue in 2021 due to funds received for federal transportation expenses and economic development agency revolving loan funds. Federal capital assistance was \$6,863,006 for 2021. In 2020 Federal capital assistance was \$838,364.

Statement of Cash Flows

The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, capital and related financing and investing activities. Cash provided by operating activities includes federal and state support, program reimbursements and other revenue, reduced by payments to employees and to suppliers. Cash used by capital and related financing activities includes principal payments and the purchase of capital assets. Cash provided by investing activities includes interest income.

CAPITAL ASSETS

At June 30, 2021, ECICOG had approximately \$2,895,182 invested in capital assets, net of accumulated depreciation of approximately \$3,074,691. Depreciation expense totaled \$529,164 for fiscal year 2021. More detailed information about ECICOG's capital assets is presented in Note 4 to the financial statements.

ECONOMIC FACTORS

The East Central Iowa Council of Government's Board of Directors (with input from local elected officials and citizens) considered various factors when setting the fiscal year 2022 budget and fees that will be charged for Agency activities. ECICOG general operations are expected to remain consistent with the previous year, but could vary according to contracts received during the year.

CONTACTING ECICOG'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of ECICOG's finances and to show ECICOG's accountability for the money it receives. If you have questions about this report or need additional financial information, contact East Central Iowa Council of Governments, 700 16th Street NE, Cedar Rapids, Iowa 52402.

Basic Financial Statements

EAST CENTRAL IOWA COUNCIL OF GOVERNMENTS
STATEMENTS OF NET POSITION
JUNE 30, 2021, 2020 and 2019

	<u>2021</u>	<u>2020</u>	<u>2019</u>
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 3,414,010	\$2,192,814	\$1,265,455
Prepaid expenses	13,007	13,373	16,977
Accounts receivable	280,458	888,937	272,297
Revolving loans receivable	921,779	664,955	835,266
Total current assets	<u>\$ 4,629,254</u>	<u>\$3,760,079</u>	<u>\$2,389,995</u>
Noncurrent assets:			
Revolving loans receivable	<u>\$ 4,284,832</u>	<u>\$2,281,208</u>	<u>\$2,489,957</u>
Fixed assets:			
Furniture and equipment	\$ 64,407	\$ 58,471	\$ 55,985
Vehicles - unrestricted	1,054,278	914,432	775,917
Vehicles - restricted	4,808,564	4,464,433	3,884,343
Leasehold improvements	42,624	42,624	42,624
Total	<u>\$ 5,969,873</u>	<u>\$5,479,960</u>	<u>\$4,758,869</u>
Less accumulated depreciation	<u>(3,074,691)</u>	<u>(3,711,543)</u>	<u>(3,615,821)</u>
Net fixed assets	<u>\$ 2,895,182</u>	<u>\$1,768,417</u>	<u>\$1,143,048</u>
Total assets	<u>\$11,809,268</u>	<u>\$7,809,704</u>	<u>\$6,023,000</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Pension related deferred outflows	<u>\$ 239,846</u>	<u>\$ 237,357</u>	<u>\$ 212,081</u>
LIABILITIES:			
Current liabilities:			
Trade accounts payable	\$ 1,199,177	\$ 577,855	\$ 259,962
Accrued benefits payable	21,314	32,056	47,760
Unearned revenue	186,200	119,268	-
Total current liabilities	<u>\$ 1,406,691</u>	<u>\$ 729,179</u>	<u>\$ 307,722</u>
Noncurrent liabilities:			
Net pension liability	<u>\$ 825,182</u>	<u>\$ 734,658</u>	<u>\$ 747,155</u>
Total liabilities	<u>\$ 2,231,873</u>	<u>\$1,463,837</u>	<u>\$1,054,877</u>
DEFERRED INFLOWS OF RESOURCES:			
Pension related deferred inflows	<u>\$ 60,061</u>	<u>\$ 118,911</u>	<u>\$ 55,711</u>
NET POSITION:			
Reserved (Note 2)	\$ 2,375,790	\$1,425,055	\$1,191,779
Unreserved	<u>7,381,390</u>	<u>5,039,258</u>	<u>3,932,714</u>
Total net position	<u>\$ 9,757,180</u>	<u>\$6,464,313</u>	<u>\$5,124,493</u>

See Notes to Financial Statements.

**EAST CENTRAL IOWA COUNCIL OF GOVERNMENTS
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2021, 2020 and 2019**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
OPERATING REVENUES:			
Federal funds	\$ 7,651,855	\$ 4,274,693	\$ 2,168,109
State funds	877,020	731,094	708,077
Local funds	1,682,836	1,193,956	1,480,100
Total operating revenues	<u>\$10,211,711</u>	<u>\$ 6,199,743</u>	<u>\$ 4,356,286</u>
OPERATING EXPENSES:			
Salaries and fringe benefits	\$ 1,345,861	\$ 1,172,490	\$ 1,251,300
Payroll taxes	86,147	74,766	76,457
Travel	9,269	21,442	28,688
Travel - professional development	131	9,218	13,077
Utilities	9,619	10,470	10,785
Repairs and maintenance	2,112	1,087	1,087
Pass-thru	4,462,646	3,016,552	2,311,748
Contracted services	14,105	119,758	343,454
Office expense	4,387	4,769	4,669
Software expense	22,421	10,270	8,428
Printing and copying	7,530	7,062	7,230
Advertising	1,810	2,171	2,812
USDA expense	-	-	605
Dues and subscriptions	16,968	13,661	17,071
Rent	47,664	47,592	47,722
Education and training	4,299	4,716	2,226
Director transition expense	-	1,484	6,603
Insurance	17,221	17,213	17,244
Legal and accounting	18,540	16,873	16,928
Special legal	2,843	1,742	(2,298)
Depreciation	529,164	370,480	409,088
Freight and postage	2,865	1,740	1,718
Summer library reading	3,788	3,500	3,825
JC-FHLB	-	242	51
CEDS update	28,500	-	-
Iowa City CDBG	327,704	-	-
Rural recovery challenge	10,000	-	-
ECICOG RLF2	41,647	-	-
Bad debt expense	135,976	34,936	106,360
Total operating expenses	<u>\$ 7,153,217</u>	<u>\$ 4,964,234</u>	<u>\$ 4,686,878</u>
Operating Income (loss)	<u>\$ 3,058,494</u>	<u>\$ 1,235,509</u>	<u>\$ (330,592)</u>
Non-operating revenues (expenses):			
Interest income	\$ 170,905	\$ 92,006	\$ 103,186
Gain (loss) on sale of fixed assets	63,468	12,305	34,635
Net non-operating revenues (expenses)	<u>\$ 234,373</u>	<u>\$ 104,311</u>	<u>\$ 137,821</u>
Change in net position	\$ 3,292,867	\$ 1,339,820	\$ (192,771)
Net position beginning of year	<u>6,464,313</u>	<u>5,124,493</u>	<u>5,317,264</u>
Net position end of year	<u>\$ 9,757,180</u>	<u>\$ 6,464,313</u>	<u>\$ 5,124,493</u>

See Notes to Financial Statements.

EAST CENTRAL IOWA COUNCIL OF GOVERNMENTS
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021, 2020 and 2019

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:			
Cash received from local sources	\$ 1,626,118	\$ 1,321,914	\$ 1,484,718
Cash received from state operating grants	881,382	726,732	559,273
Cash received from federal operating grants	5,204,879	2,571,711	1,805,937
Cash paid for salaries and benefits	(1,442,750)	(1,188,194)	(1,243,806)
Cash paid for other suppliers of goods and services	(4,778,512)	(2,795,754)	(2,460,088)
Net cash provided (used) by operating activities	<u>\$ 1,491,117</u>	<u>\$ 636,409</u>	<u>\$ 146,034</u>
Cash flows from capital and related financing activities:			
Cash received from federal capital grants	\$ 1,378,275	\$ 838,364	\$ 218,916
Net acquisition of fixed assets	(1,655,930)	(995,849)	(294,550)
Cash received from asset sales	63,468	12,305	35,603
Net cash used by capital and related financing activities	<u>\$ (214,187)</u>	<u>\$ (145,180)</u>	<u>\$ (40,031)</u>
Cash flows from investing activities:			
Cash paid for revolving loan funds	\$ (3,380,710)	\$ (694,571)	\$ (500,000)
Cash received from revolving loan funds	3,154,071	1,038,695	844,025
Interest received	170,905	92,006	103,186
Net cash provided (used) by investing activities	<u>\$ (55,734)</u>	<u>\$ 436,130</u>	<u>\$ 447,211</u>
Net increase (decrease) in cash and cash equivalents	\$ 1,221,196	\$ 927,359	\$ 553,214
Cash and cash equivalents beginning of year	<u>2,192,814</u>	<u>1,265,455</u>	<u>712,241</u>
Cash and cash equivalents end of year	<u>\$ 3,414,010</u>	<u>\$ 2,192,814</u>	<u>\$ 1,265,455</u>
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income(loss)	\$ 3,058,494	\$ 1,235,509	\$ (330,592)
Adjustments for long-term non-cash items:			
Depreciation	529,164	370,480	409,088
Revenues and expenses not classified as operating	(3,412,083)	(803,428)	(112,555)
Change in assets and liabilities:			
(Increase) decrease in prepaid expenses	366	3,604	(2,879)
(Increase) decrease in accounts receivables	608,479	(616,640)	(140,761)
Increase (decrease) in accounts payable	621,322	317,893	250,306
Increase (decrease) in accrued benefits payable	(10,742)	(15,704)	7,494
Increase (decrease) in unearned revenue	66,932	119,268	-
Increase (decrease) in net pension liability	90,524	(12,497)	18,544
(Increase) decrease in deferred outflow of resources	(2,489)	(25,276)	15,818
Increase (decrease) in deferred inflow of resources	(58,850)	63,200	31,571
Net cash provided (used) by operating activities	<u>\$ 1,491,117</u>	<u>\$ 636,409</u>	<u>\$ 146,034</u>
Supplemental disclosure of cash flow information:			
Interest paid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Notes to Financial Statements.

Basic Financial Statements

EAST CENTRAL IOWA COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021, 2020 and 2019

(1) Organization

The East Central Iowa Council of Governments (ECICOG) is an Inter-Governmental Council, established in accordance with provisions of Chapter 28E of the State Code of Iowa (Inter-Governmental Cooperation Agreement). The area of jurisdiction is Region 10 which includes Benton, Iowa, Johnson, Jones, Linn and Washington counties. ECICOG's powers and duties are those authorized by Chapter 28H of the State of Iowa (Councils of Governments). ECICOG provides professional and technical services on a regional basis to maintain area-wide certification for state and federal grant and aid projects. It also provides planning advisory services and assistance in preparing special planning documents and applications to its members. ECICOG also provides transportation services to the elderly, disabled and rural areas through East Central Iowa Transit. In performing its duties, ECICOG may contract with and expend funds from federal, state, and local agencies, public or semi-public agencies and private individuals and Corporations.

Reporting Entity

For financial reporting purposes, ECICOG has considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with ECICOG are such that exclusion would cause ECICOG's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of ECICOG to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on ECICOG. ECICOG has no component units which meet the Governmental Accounting Standards Board criteria.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accounts of ECICOG are organized as an Enterprise Fund. Enterprise Funds are utilized to finance and account for the acquisition, operation and maintenance of governmental facilities and services supported by user charges.

The Statements of Net Position present ECICOG's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

Reserved net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

Unreserved net position consists of net position not meeting the definition of the preceding category. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

EAST CENTRAL IOWA COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021, 2020 and 2019

(2) Summary of Significant Accounting Policies - continued

(b) Measurement Focus and Basis of Accounting

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

ECICOG distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the ECICOG's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

(c) Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

The following accounting policies are followed in preparing the Statement of Net Position:

Cash and Cash Equivalents - The cash balances are invested. For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, they have a maturity date no longer than three months.

Capital Assets - Capital assets are accounted for at historical cost. Depreciation of all exhaustible capital assets is charged as an expense against operations. The cost of repair and maintenance is charged to expense while the cost of renewals or substantial betterments is capitalized. The cost and accumulated depreciation of assets disposed of are deleted, with any gain or loss recorded in current operations.

Reportable capital assets are defined by ECICOG as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Furniture and Equipment	\$ 250
Vehicles	500
Leasehold Improvements	500

Capital assets of ECICOG are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful lives (In Years)</u>
Furniture and Equipment	7-10
Vehicles	5-7
Leasehold Improvements	10-15

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not

EAST CENTRAL IOWA COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021, 2020 and 2019

(2) Summary of Significant Accounting Policies - continued

yet charged to pension expense and contributions from the Agency after the measurement date but before the end of the Agency's reporting period.

Accrued Benefits Payable - Accrued benefits payable are paid time off and compensatory time and have been accrued as liabilities on the statement of net position. These current liabilities have been computed based on rates of pay in effect at June 30, 2021.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources - Deferred inflows of resources represent an acquisition of net position applicable to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources in the Statement of Net Position consist of unrecognized items not yet charged to pension and unamortized portion of the net difference between projected and actual earnings on pension plan assets.

Reserved Net Position - Reserved net position represents the portion of federal participation in the purchase of transit vehicles and related equipment. Subsequent disposition of assets purchased with federal funds are subject to certain restrictions.

(3) Cash and Investments

ECICOG's deposits in banks at June 30, 2021 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

ECICOG is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Directors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

ECICOG had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

Interest rate risk - ECICOG's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days.

EAST CENTRAL IOWA COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021, 2020 and 2019

(3) Cash and Investments - continued

Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of ECICOG.

(4) Capital Assets

Capital assets activity for the year ended June 30, 2021 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Furniture and equipment	\$ 58,471	\$ 31,190	\$ 25,254	\$ 64,407
Vehicles	5,378,865	1,624,740	1,140,763	5,862,842
Leasehold improvements	42,624	-	-	42,624

Total capital assets being depreciated	\$5,479,960	\$1,655,930	\$1,166,017	\$ 5,969,873
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Less: accumulated depreciation for:

Furniture and equipment	\$ 52,111	\$ 4,931	\$ 25,254	\$ 31,788
Vehicles	3,616,808	524,234	1,140,763	3,000,279
Leasehold improvements	42,624	-	-	42,624

Total accumulated depreciation	\$3,711,543	\$ 529,165	\$1,166,017	\$ 3,074,691
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Total capital assets, net	\$1,768,417	\$1,126,765	\$ -	\$ 2,895,182
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(5) Pension Plan

Plan Description - IPERS membership is mandatory for employees of the Agency, except those covered by another retirement system. Employees of the Agency are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at PO Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits - A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

EAST CENTRAL IOWA COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021, 2020 and 2019

(5) Pension Plan - continued

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2021, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the Agency contributed 9.44% of covered payroll, for a total rate of 15.73%.

The Agency's contributions to IPERS for the year ended June 30, 2021 totaled \$100,919.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2021, the Agency reported a liability of \$825,182 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2020 and the

EAST CENTRAL IOWA COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021, 2020 and 2019

(5) Pension Plan - continued

pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Agency's proportion of the net pension liability was based on the Agency's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2020, the Agency's proportion was 0.0011829%, which was a decrease of 0.000773% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Agency recognized pension expense of \$130,104. At June 30, 2021, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 912	\$ 19,559
Changes of assumptions	42,356	-
Net difference between projected and actual earnings on IPERS investments	46,388	-
Changes in proportion and differences between Agency contributions and the Agency's proportionate share of contributions	49,617	40,502
Agency contributions subsequent to the measurement date	<u>100,573</u>	<u>-</u>
Total	<u>\$ 239,846</u>	<u>\$ 60,061</u>

\$100,573 reported as deferred outflows of resources related to pensions resulting from Agency contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Total</u>
2022	\$ 18,729
2023	24,956
2024	17,756
2025	22,204
2026	<u>(4,433)</u>
Total	<u>\$ 79,212</u>

There were no non-employer contributing entities to IPERS.

EAST CENTRAL IOWA COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021, 2020 and 2019

(5) Pension Plan - continued

Actuarial Assumptions - The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2020 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	22.0%	4.43%
International equity	17.5	5.15
Global smart beta equity	6.0	4.87
Core plus fixed income	28.0	(0.29)
Public credit	4.0	2.29
Cash	1.0	(0.78)
Private equity	11.0	6.54
Private real assets	7.5	4.48
Private credit	3.0	3.11
Total	<u>100.0%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the Agency will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit

EAST CENTRAL IOWA COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021, 2020 and 2019

(5) Pension Plan - continued

payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Agency's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Agency's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Agency's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	<u>1%</u> Decrease (6.00%)	<u>Discount</u> Rate (7.00%)	<u>1%</u> Increase (8.00%)
Agency's proportionate share of the net pension liability	\$1,375,922	\$ 825,182	\$ 363,396

IPERS' Fiduciary Net Position - Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

(6) Other Post Employment Benefits (OPEB)

Plan Description - The Agency administers a single-employer benefit plan which provides medical, prescription and dental benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits - Individuals who are employed by the Agency and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same age adjusted premium for the medical, prescription drug and dental benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2021, there were 16 active employees and no retirees covered by the plan.

Net OPEB Liability - Management of the Agency considers any OPEB obligation, which may exist, to be immaterial.

(7) Operating Lease

ECICOG leases its office space on an operating lease basis. The lease calls for lease payments as described below. In addition, ECICOG is responsible for any leasehold improvements. Total rental and lease expense for the year ended June 30, 2021 was \$47,664.

Future rental payments are as follows:

<u>Year ended June 30,</u>	<u>Amount</u>
2022	<u>\$ 23,820</u>

EAST CENTRAL IOWA COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021, 2020 and 2019

(8) Risk Management

ECICOG is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. ECICOG assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(9) COVID-19

In March 2020, the COVID-19 outbreak was declared a global pandemic. The disruption to businesses across a range of industries in the United States continues to evolve. The full impact to local, regional and national economics, including that of ECICOG, remains uncertain.

To date, the outbreak has not created a material disruption to the operations of ECICOG. However, the extent of the financial impact of COVID-19 will depend on future developments, including the spread of the virus, duration and timing of the economic recovery. Due to these uncertainties, management cannot reasonably estimate the potential impact to the Agency.

(10) Prospective Accounting Change

Governmental Accounting Standards Board has issued Statement No. 87, Leases. This statement will be implemented for the fiscal year ending June 30, 2022. The revised requirements of this statement require reporting of certain potentially significant lease liabilities that are not currently reported.

Required Supplementary Information

EAST CENTRAL IOWA COUNCIL OF GOVERNMENTS
SCHEDULE OF THE AGENCY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
FOR THE LAST SEVEN YEARS*
(IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION

	<u>2021</u>	<u>2020</u>
Agency's proportion of the net pension liability	0.011829%	0.012602%
Agency's proportionate share of the net pension liability	\$ 825	\$ 735
Agency's covered payroll	\$1,069	\$ 932
Agency's proportionate share of the net pension liability as a percentage of its covered payroll	77.17%	78.86%
IPERS' net position as a percentage of the total pension liability	82.90%	85.45%

* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

See Accompanying Independent Auditor's Report.

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
0.011810%	0.011037%	0.010851%	0.011595%	0.011280%
\$ 747	\$ 729	\$ 677	\$ 576	\$ 456
\$ 966	\$ 887	\$ 770	\$ 772	\$ 779
77.33%	82.19%	82.56%	74.61%	58.50%
83.62%	82.21%	81.82%	85.19%	87.61%

EAST CENTRAL IOWA COUNCIL OF GOVERNMENTS
SCHEDULE OF AGENCY CONTRIBUTIONS

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
FOR THE LAST SEVEN YEARS
(IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION

	<u>2021</u>	<u>2020</u>
Statutorily required contribution	\$ 101	\$ 88
Contributions in relation to the statutorily required contribution	<u>(101)</u>	<u>(88)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Agency's covered payroll	\$ 1,069	\$ 932
Contributions as a percentage of Covered payroll	9.44%	9.44%

See Accompanying Independent Auditor's Report.

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 91	\$ 79	\$ 73	\$ 69	\$ 71
<u>(91)</u>	<u>(79)</u>	<u>(73)</u>	<u>(69)</u>	<u>(71)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 966	\$ 887	\$ 820	\$ 772	\$ 799
9.44%	8.93%	8.93%	8.93%	8.93%

EAST CENTRAL IOWA COUNCIL OF GOVERNMENTS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY
YEAR ENDED JUNE 30, 2021

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

Supplementary Information

EAST CENTRAL IOWA COUNCIL OF GOVERNMENTS
STATEMENT OF SELECTED PROJECT COSTS AND COMPUTATION OF SELECTED PROJECT GRANTS
YEAR ENDED JUNE 30, 2021

	<u>STA Oper Spec Proj</u>	<u>STA Oper Assistance</u>	<u>STA Oper Assistance IG-100-FY20</u>	<u>Operating 2020-0001- 01-SFY21</u>
Operating Expenses:				
Contractual Services	\$ -	\$ 570,083	\$ 414,989	\$ 914,759
Capital Outlay	-	-	-	-
Prior Year	352,871	-	-	-
Project Cost	<u>\$ 352,871</u>	<u>\$ 570,083</u>	<u>\$ 414,989</u>	<u>\$ 914,759</u>
Grant Participation in Project Cost	<u>16%</u>	<u>100%</u>	<u>80%</u>	<u>50%</u>
Percentage Participation	<u>\$ 56,457</u>	<u>\$ 570,083</u>	<u>\$ 331,991</u>	<u>\$ 457,380</u>
Contract Amount	<u>\$ 61,696</u>	<u>\$ 570,083</u>	<u>\$ 318,000</u>	<u>\$ 311,074</u>
Permissible Grant (Lesser of Contract Amount or Percentage Participation)	\$ 56,457	\$ 570,083	\$ 318,000	\$ 311,074
Less: Grant Payments received in current year	(4,362)	(570,083)	(318,000)	(311,074)
Less: Grant Payments received in prior year	<u>(52,095)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Grant Receivable/(Payable) at June 30, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

SCHEDULE 1

Operating 2019-024- 01-SFY21	CARES Operating 2020-010- 00-FY20	2017-005- 01-100-17	Capital 2019-007- 00-100-FY18	Capital 2019-007- 01-FY19	Capital 2019-008- 00-100-FY18
\$ 1,623,557	\$1,151,813	\$ -	\$ -	\$ -	\$ -
-	-	-	164,666	551,885	164,666
-	1,438,022	388,073	192,466	-	335,369
\$ 1,623,557	\$2,589,835	\$ 388,073	\$ 357,132	\$ 551,885	\$ 500,035
50%	100%	80%	85%	83.4%	85%
<u>\$ 811,779</u>	<u>\$2,589,835</u>	<u>\$ 310,458</u>	<u>\$ 303,562</u>	<u>\$ 460,314</u>	<u>\$ 425,029</u>
<u>\$ 661,874</u>	<u>\$2,257,116</u>	<u>\$ 308,480</u>	<u>\$ 315,520</u>	<u>\$1,037,425</u>	<u>\$ 461,136</u>
\$ 661,874	\$2,257,116	\$ 308,480	\$ 303,562	\$ 460,314	\$ 425,029
(661,874)	(1,778,705)	(21,784)	(139,965)	(460,314)	(139,965)
-	(478,411)	(286,696)	(163,597)	-	(285,064)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EAST CENTRAL IOWA COUNCIL OF GOVERNMENTS
STATEMENT OF SELECTED PROJECT COSTS AND COMPUTATION OF SELECTED PROJECT GRANTS
YEAR ENDED JUNE 30, 2021

	Capital 2019-008- 01-FY19	Capital 2016-019- 01-FY19	Operating IA-2019-010 00-100-FY18	20RPA-R10
Operating Expenses:				
Contractual Services	\$ -	\$ -	\$1,321,860	\$ -
Capital Outlay	482,402	268,225	-	-
Prior Year	-	-	2,259,564	181,688
Project Cost	\$ 482,402	\$ 268,225	\$3,581,424	\$ 181,688
Grant Participation in Project Cost	85%	85%	80%/100%	80%
Percentage Participation	<u>\$ 410,038</u>	<u>\$ 227,991</u>	<u>\$2,903,419</u>	<u>\$ 145,350</u>
Contract Amount	<u>\$1,031,815</u>	<u>\$ 236,895</u>	<u>\$9,076,201</u>	<u>\$ 145,350</u>
Permissible Grant (Lesser of Contract Amount or Percentage Participation)	\$ 410,038	\$ 227,991	\$2,903,419	\$ 145,350
Less: Grant Payments received in current year	(410,038)	(227,991)	(1,083,965)	(39,062)
Less: Grant Payments received in prior year	-	-	(1,719,472)	(106,288)
Grant Receivable/(Payable) at June 30, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 99,982</u>	<u>\$ -</u>

See Accompanying Independent Auditor's Report.

SCHEDULE 1
(continued)

<u>21RPA-R10</u>	<u>EDA ED20DEN 307058</u>	<u>EDA ED16DEN 3020025</u>	<u>Hazardous Mitigation</u>	<u>Total</u>
\$ 188,100	\$ 139,644	\$ 133,250	\$ 99,913	\$ 6,557,968
-	-	-	-	1,631,844
-	-	-	-	5,148,053
\$ 188,100	\$ 139,644	\$ 133,250	\$ 99,913	\$13,337,865
80%	100%	50%	100%	
<u>\$ 150,480</u>	<u>\$ 139,644</u>	<u>\$ 66,625</u>	<u>\$ 99,913</u>	<u>\$10,460,348</u>
<u>\$ 187,329</u>	<u>\$ 400,000</u>	<u>\$ 70,000</u>	<u>\$ 263,920</u>	<u>\$17,713,914</u>
\$ 150,480	\$ 139,644	\$ 66,625	\$ 99,913	\$ 9,815,449
(109,560)	(200,000)	(70,000)	(36,410)	(6,583,152)
-	-	-	-	(3,091,623)
<u>\$ 40,920</u>	<u>\$ (60,356)</u>	<u>\$ (3,375)</u>	<u>\$ 63,503</u>	<u>\$ 140,674</u>

**EAST CENTRAL IOWA COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021**

<u>GRANTOR/PROGRAM</u>	<u>CFDA NUMBER</u>	<u>AGENCY PASS-THROUGH NUMBER</u>
Direct:		
Department of Commerce:		
Economic Development Administration:		
Economic Development Support	11.302	ED20DEN3020025
Economic Adjustment Assistance	11.307	05-79-04694
	11.307	CARES-05-79-06003
	11.307	CARES-ED20DEN307058
Total Direct Awards		
Indirect:		
Department of Transportation:		
Iowa Department of Transportation:		
Highway Planning and Construction	20.205	21-RPA10
Metropolitan Transportation Planning	20.505	21-RPA10
Federal Transit Formula Grant:		
Federal Transit Formula Grant	20.507	IA-2019-010-00-100-FY18
Bus and Bus Facilities Formula Program	20.526	2019-007-00-100-FY18
	20.526	2019-007-01-FY19
	20.526	2019-008-01-FY19
	20.526	2019-008-00-100-FY18
	20.526	2016-019-01-FY19
Formula Grants for Rural Areas	20.509	CARES-2020-010-00-FY20
	20.509	21-RPA10
	20.509	2019-024-01-SFY21
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	2020-001-01-FY21
Department of Homeland Security:		
Iowa Department of Homeland Security		
Building Resilient Infrastructure and Communities	97.047	Hazardous Mitigation
Total Indirect Awards		
Total		

PROGRAM
EXPENDITURES

\$ 66,625

\$ 3,917,963
 2,377,083
 139,644
\$ 6,434,690

\$ 6,501,315

\$ 117,617

\$ 6,764

\$ 1,095,768
 139,966
 460,314
 410,038
 139,966
 227,991
\$ 2,474,043

\$ 819,094
 26,099
 661,874
\$ 1,507,067

\$ 311,074

\$ 99,913

\$ 4,516,478

\$ 11,017,793

(continued)

**EAST CENTRAL IOWA COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021**

Computation of CFDA Number 11.307-Economic Adjustment Assistance

	Grant Number 05-79-04694	Grant Number 05-79-06003
Balance of RLF loans outstanding 6/30/21	\$ 3,020,869	\$ 2,185,741
RLF cash 6/30/21	1,009,607	60,470
Administrative expense paid out in 2021	12,709	130,872
Principal balance written off in 2021	<u>135,976</u>	<u>-</u>
Total	\$ 4,179,161	\$ 2,377,083
Federal percentage	93.75%	100.00%
Amount included on Schedule of Expenditures of Federal Awards	<u><u>\$ 3,917,963</u></u>	<u><u>\$ 2,377,083</u></u>

Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of ECICOG under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of ECICOG, it is not intended to and does not present the financial position, changes in financial position or cash flows of ECICOG.

Summary of Significant Accounting Policies - Expenditures reported in the Schedule are reported on the accrual or modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

See Accompanying Independent Auditor's Report.



Larry Pump, CPA
117 North Jackson Street
Charles City, IA 50616

(641) 257-4222
or (641) 228-2812
Fax (641) 228-1513

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Directors
East Central Iowa Council of Governments:

I have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of ECICOG, as of and for the years ended June 30, 2021, 2020 and 2019 and the related Notes to Financial Statements, which collectively comprise the Agency's basic financial statements, and have issued my report thereon dated November 29, 2021.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered ECICOG's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of ECICOG's internal control. Accordingly, I do not express an opinion on the effectiveness of ECICOG's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during my audit I did not identify any deficiencies in internal control I consider to be significant deficiencies. However, as described in the accompanying Schedule of Findings, I identified a deficiency in internal control I consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of ECICOG's financial statements will not be prevented or detected and corrected on a timely basis. I consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings as item II-A-21 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. No significant deficiencies were noted.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether ECICOG's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions

was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters which are required to be reported under Government Auditing Standards. No instances of non-compliance or other matters were noted.

Comments involving statutory and other legal matters about the Agency's operations for the year ended June 30, 2021 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the Agency. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

ECICOG's Response to the Finding

ECICOG's response to the finding identified in my audit is described in the accompanying Schedule of Findings. ECICOG's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

I would like to acknowledge the many courtesies and assistance extended to us by personnel of ECICOG during the course of my audit. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.



Charles City, Iowa
November 29, 2021



Larry Pump, CPA
117 North Jackson Street
Charles City, IA 50616

(641) 257-4222
or (641) 228-2812
Fax (641) 228-1513

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
East Central Iowa Council of Governments:

Report on Compliance for Each Major Federal Program

I have audited East Central Iowa Council of Government's (ECICOG's) compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on ECICOG's major federal programs for the year ended June 30, 2021. ECICOG's major federal programs are identified in Part I of the accompanying Schedule of Findings.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for ECICOG's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the audit requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about ECICOG's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe my audit provides a reasonable basis for my opinion on compliance for the major federal programs. However, my audit does not provide a legal determination of ECICOG's compliance.

Opinion on Each Major Federal Program

In my opinion, ECICOG complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

The management of ECICOG is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered ECICOG's

internal control over compliance with the types of requirements that could have a direct and material effect on the major federal programs to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal programs and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of ECICOG's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. I identified a deficiency in internal control over compliance, described in the accompanying Schedule of Findings as item III-A-21, I consider to be a material weakness.

ECICOG's response to the internal control over compliance finding identified in my audit is reported in the accompanying Schedule of Findings. ECICOG's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script, appearing to read "Larry Pump".

Charles City, Iowa
November 29, 2021

EAST CENTRAL IOWA COUNCIL OF GOVERNMENTS
Schedule of Findings
Year Ended June 30, 2021

Part I: Summary of the Independent Auditor's Results:

- (a) Unmodified opinions were issued on the financial statements.
- (b) A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) A material weakness in internal control over the major programs was disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major programs.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with the Uniform Guidance, Section 200.516.
- (g) The major programs were CFDA Number 11.307 - Economic Adjustment Assistance, Federal Transit Cluster 20.507 - Federal Transit Formula Grant and 20.526 - Bus and Bus Facilities Formula Program, and 20.509 Formula Grants for Rural Areas.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) ECICOG did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCY:

II-A-21 Segregation of Duties

Criteria - Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the Agency's financial statements.

Condition - Generally, one individually has control over the following areas for the Agency

- (1) Accounting system - record keeping for revenues, expenses and related reporting.
- (2) Receipts - collecting, depositing, journalizing and posting.
- (3) Payroll - changes to the master list, preparation and distribution.

Cause - The Agency has a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Part II: Findings Related to the Financial Statements: - continued

Conclusion - Response accepted.

No matters were noted.

No matters were noted.

EAST CENTRAL IOWA COUNCIL OF GOVERNMENTS
Schedule of Findings
Year Ended June 30, 2021

Part IV: Other Findings Related to Required Statutory Reporting: - continued

- IV-B-21 Travel Expense - No expenses of ECICOG money for travel expenses of spouses of ECICOG officials or employees were noted.
- IV-C-21 Business Transactions - No business transactions between ECICOG and ECICOG officials or employees were noted.
- IV-D-21 Bond Coverage - Surety bond coverage of ECICOG officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- IV-E-21 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and ECICOG's investment policy were noted.
- IV-F-21 Board Minutes - No transactions were found that I believe should have been approved in the Board minutes but were not.
- IV-G-21 Restricted Donor Activity - No transactions were noted between the Agency, Agency officials, Agency employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.